

16 January 1956

MEMORANDUM FOR: Legislative Counsel

SUBJECT : S. 1875 - *H.R. 6014 (Byrnes, Wis.)*

Subject Bill provides for tax relief to members of the Armed Forces while they are held by Communist government authority or missing in action from a combat zone. It occurred to us that it might be desirable to have a benefit of this nature extended to our people in particular, and it would seem perfectly reasonable to make it available to all civilian personnel of the government.

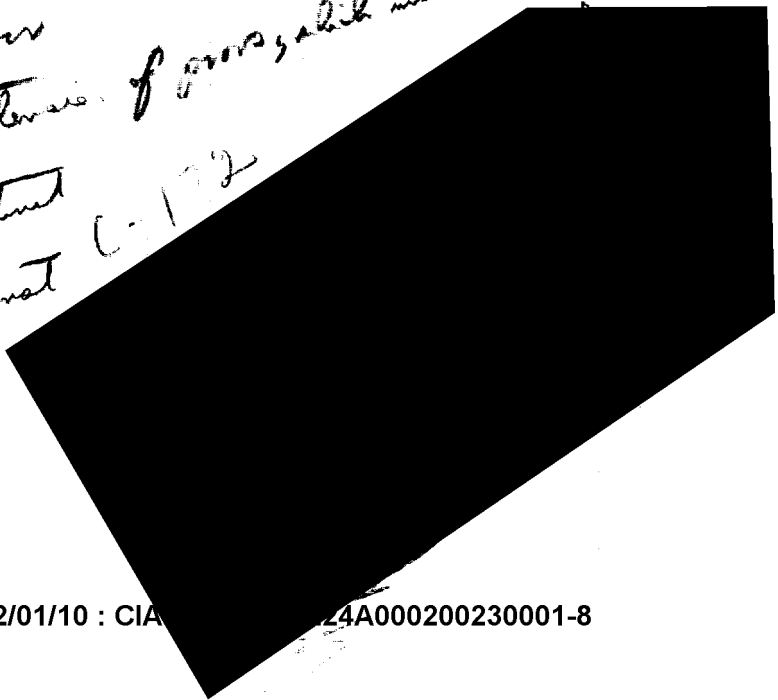


Assistant General Counsel

STATINTL

STATINTL

*Ways + Means passed it over
Navy proposed great extension of cover, which must contribute anything -
K. understand has lost interest
Everyone has lost interest C-172*



NOTICE OF PENDING LEGISLATION		DATE
		LEGISLATIVE BILL NO. S. 1875
SECTION I		GENERAL
TO :		FROM: LEGISLATIVE COUNSEL OFFICE OF GENERAL COUNSEL
THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:		
<input type="checkbox"/> SENT TO YOU FOR INFORMATION ONLY.		
<input type="checkbox"/> A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION <input type="checkbox"/> IS <input type="checkbox"/> IS NOT PREDICTED.		
<input type="checkbox"/> SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED.		
<div style="border: 1px solid black; padding: 5px;"> IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY _____ </div>		
SECTION II		COMMENTS (From Original Addressee)
TO : LEGISLATIVE COUNSEL OFFICE OF GENERAL COUNSEL		FROM:
3 May 1955		84/1
<p>Mr. Knowland of California</p> <p>To grant tax relief to members of the Armed Forces of the United States held by a Communist government authority or missing in action from a combat zone.</p> <p>Distribution:</p>		
DATE OF COMPLETION	EXTENSION	

84TH CONGRESS
1ST SESSION

S. 1875 — *H.R. 6014*

IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1955

Mr. KNOWLAND introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To grant tax relief to members of the Armed Forces of the United States held by a Communist government authority or missing in action from a combat zone.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 112 of the Internal Revenue Code of 1954
4 is hereby amended as follows:
5 (1) By striking out the heading thereof and inserting in
6 lieu thereof the following:

I

1 "SEC. 112. PAY OF MEMBERS OF ARMED FORCES SERVING
2 IN COMBAT ZONE OR HELD BY COMMUNIST
3 GOVERNMENT AUTHORITY."

4 (2) By striking out the heading of subsection (a)
5 thereof and inserting in lieu thereof the following:

6 "(a) ENLISTED PERSONNEL SERVING IN COMBAT
7 ZONE.—";

8 (3) By striking out the heading of subsection (b)
9 thereof and inserting in lieu thereof the following:

10 "(b) COMMISSIONED OFFICERS SERVING IN COMBAT
11 ZONE.—"; and

12 (4) By adding at the end thereof the following new
13 subsection:

14 "(d) PERSONNEL HELD BY COMMUNIST GOVERNMENT
15 AUTHORITY OR MISSING IN ACTION FROM COMBAT
16 ZONE.—Gross income does not include compensation received
17 for active service as a member of the Armed Forces of the
18 United States—

19 "(1) for any month after January 1955 during any
20 part of which such member is held against his will by
21 a Communist government authority; or

22 "(2) for any month after January 1955 all or part
23 of which falls in an uninterrupted period beginning be-
24 fore February 1955 during which entire period such
25 member was missing in action as a result of service

1 performed in a combat zone. The determination as to
2 whether a member of the Armed Forces has met the
3 conditions specified in this subsection shall be made by
4 the Secretary of Defense or his delegate."

5 (b) The table of sections for part III of subchapter B
6 of chapter 1 of the Internal Revenue Code of 1954 is hereby
7 amended by striking out:

"Sec. 112. Certain combat pay of members of the Armed
Forces."

8 and inserting in lieu thereof the following:

"Sec. 112. Pay of members of Armed Forces serving in com-
bat zone or held by Communist government
authority."

9 SEC. 2. (a) Part II of subchapter J of chapter 1 of the
10 Internal Revenue Code of 1954 is hereby amended by adding
11 at the end thereof the following new section:

12 **"SEC. 693. INCOME TAXES OF MEMBERS OF ARMED**
13 **FORCES ON DEATH WHILE HELD BY COM-**
14 **MUNIST GOVERNMENT AUTHORITY OR MISS-**
15 **ING IN ACTION FROM COMBAT ZONE.**

16 "In the case of any individual who dies after January
17 31, 1955, while in active service as a member of the Armed
18 Forces of the United States, if such death occurred while
19 such individual was held against his will by a Communist
20 government authority or while such individual was missing
21 in action as a result of service performed before February

1 1955 in a combat zone (as determined under section
2 112 (c)) —

3 “(1) any tax imposed by this subtitle shall not
4 apply with respect to the taxable year in which falls
5 the date of his death, or with respect to any prior
6 taxable year ending after January 31, 1955, during any
7 part of which he was so held against his will; and

8 “(2) any tax imposed by this subtitle or by chapter
9 1 of the Internal Revenue Code of 1939 shall not apply
10 with respect to any taxable year any part of which
11 taxable year is included in an uninterrupted period be-
12 ginning before February 1955 and ending with the date
13 of death during which entire period such individual was
14 in active service as a member of the Armed Forces of
15 the United States and—

16 “(i) served in a combat zone (as determined
17 under section 112 (c)) after June 24, 1950; or

18 “(ii) was missing in action as a result of serv-
19 ice performed in a combat zone (as determined
20 under section 112 (c)) ; or

21 “(iii) was held against his will by a Communist
22 government authority; and

23 “(3) any tax imposed by this subtitle or by the
24 corresponding provisions of prior revenue laws which
25 is unpaid at the date of his death (including interest,

1 additions to the tax, and additional amounts) shall not
2 be assessed, and if assessed the assessment shall be
3 abated, and if collected shall be credited or refunded
4 as an overpayment.

5 The determination as to whether a member of the Armed
6 Forces has met the conditions specified in this section shall
7 be made by the Secretary of Defense or his delegate."

8 (b) The table of sections for part II of subchapter J of
9 chapter 1 of the Internal Revenue Code of 1954 is hereby
10 amended by striking out

"Sec. 692. Income taxes of members of Armed Forces on
death."

11 and inserting in lieu thereof the following:

"Sec. 692. Income taxes of members of Armed Forces on
death resulting from service in combat zone.

"Sec. 693. Income taxes of members of Armed Forces on
death while held by Communist government
authority or missing in action from combat
zone."

12 (c) Section 692 of the Internal Revenue Code of 1954
13 is hereby amended by striking out the heading thereof and
14 inserting in lieu thereof the following:

15 **"SEC. 692. INCOME TAXES OF MEMBERS OF ARMED**
16 **FORCES ON DEATH RESULTING FROM SERV-**
17 **ICE IN COMBAT ZONE."**

18 SEC. 3. (a) Section 2201 of the Internal Revenue Code
19 of 1954 is hereby amended as follows:

1 (1) By striking out the heading thereof and inserting
2 in lieu thereof the following:

3 **“SEC. 2201. MEMBERS OF ARMED FORCES.”**

4 (2) By adding after the heading thereof the following:

5 “(a) MEMBERS OF ARMED FORCES DYING DURING AN
6 INDUCTION PERIOD.—”

7 and

8 (3) By adding at the end thereof the following new
9 subsection:

10 “(b) MEMBERS OF ARMED FORCES DYING WHILE
11 HELD BY COMMUNIST GOVERNMENT AUTHORITY OR
12 MISSING IN ACTION FROM COMBAT ZONE.—The addi-
13 tional estate tax as defined in section 2011 (d) shall not
14 apply to the transfer of the taxable estate of a citizen or
15 resident of the United States dying after January 31, 1955,
16 while in active service as a member of the Armed Forces
17 of the United States, if such decedent died—

18 “(1) while held against his will by a Communist
19 government authority, or

20 “(2) while missing in action as a result of service
21 performed before February 1955 in a combat zone (as
22 determined under section 112 (c)).

23 The determination as to whether a member of the Armed
24 Forces has met the conditions specified in this subsection
25 shall be made by the Secretary of Defense or his delegate.”

1 (b) The table of sections for subchapter C of chapter 11
2 of the Internal Revenue Code of 1954 is hereby amended
3 by striking out—

“Sec. 2201. Members of the Armed Forces dying during
an induction period.”

4 and inserting in lieu thereof the following:

“Sec. 2201. Members of Armed Forces.”

5 SEC. 4. (a) Section 7508 of the Internal Revenue Code
6 of 1954 is hereby amended by adding at the end thereof
7 the following new subsection:

8 “(c) ADDITIONAL TIME TO BE DISREGARDED.—In the
9 case of an individual serving in the Armed Forces of the
10 United States and held against his will by a Communist
11 government authority or missing in action as a result of
12 service performed before February 1955 in a combat zone
13 (as determined under section 112 (c)), the period after
14 January 1955 during which such individual is so held or is
15 so missing in action and the next 180 days thereafter shall
16 be disregarded in determining, under the internal revenue
17 laws, in respect of any tax liability (including any interest,
18 penalty, additional amount, or addition to the tax) of such
19 individual, whether any of the acts specified in subsection
20 (a) was performed within the time prescribed therefor, and
21 in determining the amount of any credit or refund (includ-
22 ing interest). The determination as to whether a member

1 of the Armed Forces has met the conditions specified in this
2 subsection shall be made by the Secretary of Defense or
3 his delegates.”

4 (b) Subsection (b) of section 7508 of the Internal
5 Revenue Code of 1954 is hereby amended as follows:

6 (1) By striking out “subsection (a)” each place it
7 appears and inserting in lieu thereof “subsection (a) or
8 (c)”; and

9 (2) By striking out in the fourth sentence of paragraph
10 (1) thereof “, by reason of the combatant activities,”.

Approved For Release 2002/01/10 : CIA-RDP59-00224A000200230001-8

84TH CONGRESS
1ST SESSION

S. 1875

A BILL

To grant tax relief to members of the Armed Forces of the United States held by a Communist government authority or missing in action from a combat zone.

By Mr. KNOWLAND

MAY 3 (legislative day, MAY 2), 1955
Read twice and referred to the Committee on Finance

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